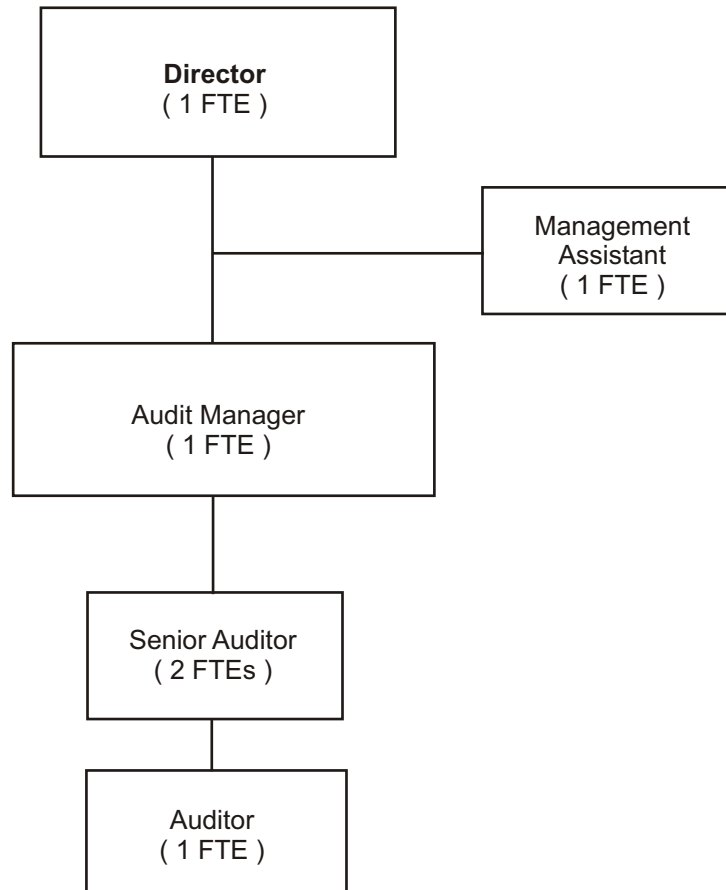




Department of Audit Services

(6 FTEs)



DEPARTMENT OF AUDIT SERVICES

Mission:

To provide independent, objective, assurance and consulting services that facilitates decision-making, and enhances the efficiency of government services.

PROGRAM DESCRIPTION

Audit Services

\$512,108
6 FTEs

Auditing is an independent appraisal function designed to examine and evaluate activities within the City as a service to management, the Audit Services Oversight Committee, and elected officials. Auditing is a managerial control that measures and evaluates the effectiveness of other controls. External entities are also subject to review to determine whether revenues have been properly remitted to the City and whether grant or pass-through funds are appropriately utilized. The Audit Department conducts financial, compliance, performance, and information systems audits and reviews, and performs investigations and special reviews. The Department is responsible for the administration of external audit contracts.

RESOURCE ALLOCATION

	Actual FY2001-02	Adopted FY2002-03	Estimated FY2002-03	Adopted FY2003-04	Change
Appropriations					
Personal Services	\$ 251,582	\$ 401,628	\$ 406,078	\$ 438,363	9.15%
Operating	6,129	24,915	26,776	67,760	171.96%
Capital	-	13,561	7,250	5,985	-55.87%
Total Appropriations	\$ 257,711	\$ 440,104	\$ 440,104	\$ 512,108	16.36%
Full Time Equivalents	4	6	6	6	-
Part Time	-	-	-	-	-
Revenues					
Discretionary	\$ 257,711	\$ 440,104	\$ 440,104	\$ 512,108	16.36%
Program	-	-	-	-	-
Total Revenues	\$ 257,711	\$ 440,104	\$ 440,104	\$ 512,108	16.36%

BUDGET ISSUES FOR 2003-04

- The Audit Department was reorganized during the 2002 – 2003 fiscal year specifically to support the City's goal of *Fiscal Accountability*. Two additional senior level auditors were added to the staff to assist in implementing the Audit Department's strategic plan. Enhanced retirement benefits to all City employees and increases in health insurance charges, along with a full year funding of new employees on the audit staff, have resulted in an increase of \$36,735 in personal services.
- The overall increase in the department's operational and capital budget of \$35,269 reflected in the resource allocation table is the result of a proposed allocation for special contractual services not provided in the 2002-2003 Audit Department budget. External CPA services on certain audit projects were required during the 2002-2003 fiscal year to effectively fulfill the mission of the Audit Department. Other departmental or non-departmental resources had to be used to fund these projects.
- The Audit Department anticipates the need for external CPA services, expert consulting, and/or temporary audit staffing to continue in order to respond to special investigations and other special audit projects upon the request of management, the Audit Services Oversight Committee, and the City Council.

UNFUNDED ITEMS

- There are no unfunded items in the department's FY 2003-04 budget.

COMPLETED INITIATIVES FY 2002-2003

- Inspected Non-City Agency Audited Financial Statements and Certification/Sworn Statements for compliance with City grant agreement requirements.
- Co-sponsored with Finance an audio conference for approximately 30 City financial/compliance staff entitled *"Troubleshooting Sub-recipient Monitoring: What Every Pass-through Entity Should Know"*.
- Prepared and presented a training module to City staff assigned to monitor Non-City Agency financial compliance.
- Prepared and presented departmental orientation for new audit staff including members of the Audit Services Oversight Committee.
- Developed an audit manual documenting departmental standard operating procedures and standards governing audit activities.
- Updated the risk based annual audit plan.
- Incorporated Audit Software (ACL) to more efficiently perform data analysis and extraction processes, continuous monitoring, and fraud detection processes for increased audit coverage of City functions.
- Obtained 25 hours of ACL training for audit staff.
- Developed an Access Database to organize Audit Department library resources.
- Developed a database to track the status of audit recommendations.

DEPARTMENT INITIATIVES FY 2003-2004

- Develop and implement training modules and an effective communication program on the need for departmental internal controls to raise awareness and improve accountability within the organization.
- Improve the format for activity reporting, report distribution and communication with the Audit Services Oversight Committee.
- Implement strategies to improve areas identified as departmental weaknesses in the Organizational Climate Survey conducted in September 2002.
- Evaluate and continue to develop specific training, career development and certification plans for audit staff.

GOALS, OBJECTIVES, & STRATEGIES FOR FY 2003-2004

GOAL: Implementation of the Audit Services Department's Strategic Plan that includes standards set forth by the U.S. General Accounting Office – Yellow Book Audit Standards.

OBJECTIVE: Provide effective department leadership with appropriate oversight.

STRATEGY: Present annual audit plan and monthly activity reports to Audit Services Oversight Committee.

MEASURE:	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Adopted FY 2004
# reports presented to the oversight committee	N/A	5	10	10

OBJECTIVE: Maintain and obtain training and certification for staff as required by GAO standards.

STRATEGY: Meet GAO's continuing professional education requirements.

MEASURE:	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Adopted FY 2004
# hours completed by Audit Director	N/A	40	58	40
# hours completed by Audit Manager	N/A	40	51	40
# hours completed by Senior Auditor 1	N/A	40	79	40
# hours completed by Senior Auditor 2	N/A	40	40	40
# hours completed by Auditor	N/A	40	85	40

OBJECTIVE: Implement the Committee of Sponsoring Organizations (COSO) of the Treadway Commission concept concerning training management and administrative personnel to recognize the need for controls to ensure that resources are used judiciously and that physical assets are protected.

STRATEGY: Communicate with each department director twice a year to obtain input on departmental controls, internal control concerns and obtain input for the development of the risk-based annual audit plan.

MEASURE:	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Adopted FY 2004
# Information Requests	N/A	40	40	40

OBJECTIVE: Provide services that help ensure public resources are used in accordance with established laws and regulations and that government services are provided efficiently.

STRATEGY: Complete 8 comprehensive audits or reviews.

MEASURE:	Actual FY 2002	Adopted FY 2003	Estimated FY 2003	Adopted FY 2004
# comprehensive audits or reviews completed	N/A	8	12	11